

# FROM WARRIORS TO ENTREPRENEURS: BUSINESS OPPORTUNITIES FOR VETERANS

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## FIELD HEARING

BEFORE THE

## COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

NOVEMBER 8, 2013

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## **FROM WARRIORS TO ENTREPRENEURS: BUSINESS OPPORTUNITIES FOR VETERANS**

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**FRIDAY, NOVEMBER 8, 2013**

UNITED STATES SENATE,  
COMMITTEE ON SMALL BUSINESS  
AND ENTREPRENEURSHIP,  
*Little Rock, AR.*

The field hearing commenced, pursuant to notice, at 10:00 a.m., in the Donald W. Reynolds Center for Business and Economic Development Auditorium, University of Arkansas at Little Rock, Hon. Mark Pryor presiding.

Present: Senator Pryor.

### **OPENING STATEMENT OF HON. MARK L. PRYOR, A U.S. SENATOR FROM ARKANSAS**

Senator PRYOR. I'll go ahead and convene our hearing today. This is a Senate Small Business Committee field hearing. It's a roundtable discussion on "From Warriors to Entrepreneurs: Business Opportunities for Veterans."

Before we get started, I want to recognize Joel Anderson, who is the Chancellor here at UALR, who has done a phenomenal job for a long time. I've known Joel since I've been in the legislature.

But, anyway, thank you for being here, and we really appreciate you letting us use your facility.

Dr. ANDERSON. Well, thank you very much, Senator, and I'm just here to greet everyone and say welcome to the UALR campus, and then I'm going to excuse myself.

But I first wanted to come by and greet Senator Pryor. He's been a friend of this campus for a long, long time, going back to the days when he was in the Arkansas legislature. And he has certainly continued to support the institution and its interests in many ways since he's moved on to the U.S. Senate. So we really appreciate that.

And I also appreciate his interest in small business. It's been one of the areas here at the institution that I've been proud of and have tried to support through the years.

I tip my hat to Janet Roderick and her colleagues in our Arkansas Small Business and Technology Development Center. And I said that rather trippingly. Did you notice how well I got all of that out?

[Laughter.]

I also want to say welcome to Jeanne Hult from the U.S. Small Business Administration and Linda Nelson. Where is Linda? Linda is our local SBA head with whom we've worked for many, many

years. And I think that all of us working together are doing lots of good things for the people of Arkansas, especially in promoting small business in Arkansas.

I was really pleased to hear that this session was going to be on this campus, because the notion of moving warriors to entrepreneurs—I don't know who coined that, but I think that is a really good combination of words. And we're really indebted to our veterans, persons who have paid the price and taken all the risks that are involved with military service. And I know on campus, we have a Veterans Affairs Office.

But what I like about an event like this on campus is that it gives us an opportunity to reach beyond the veterans who are students and help those who are not students. Perhaps they will be some day. That would be great. But anything we can do to help more Americans who have that ambition to start and have their own business, we want to support. So I'm just very pleased that this session is taking place on campus.

Senator, you honor us by bringing it to this place. So thank you very much for that. I know that you're going to have a good session.

Senator PRYOR. Well, thank you. It's great to be with you.

Let me just say thanks again to Dr. Anderson. He's just unbelievable and has just been a great friend to higher education, and UALR has done so many great things. Again, thank you for allowing us to use your facilities today.

I also want to thank our participants. We have several participants here. We're going to introduce them in just a few moments. But I want to give a very special thank you and welcome to the Acting Administrator of the Small Business Administration, Jeanne Hult. She flew to Arkansas, and she came from—where?

Ms. HULT. Palm Desert, California.

Senator PRYOR. Palm Desert, California, to be here. So we really appreciate you being here. We know it's Veterans Day weekend. That's just around the corner. So thank you for being here. You'll see in Arkansas, and here in our state, people like to work together. Everybody kind of puts any sort of local interest or political thinking aside to try to get good things done. And I think, certainly, the SBA story is that way here in our state, and UALR has been a very, very important part of that.

With Veterans Day just around the corner, I'd also like to thank all of our veterans who are here. I thank them for their service, and I thank them for all that they've done for the country.

Earlier this week, I was privileged to be able to go to Arlington National Cemetery to do a wreath-laying ceremony at the Tomb of the Unknown Soldier, and it was very emotional and very moving for me. And it was just a very special and meaningful experience. I think if you haven't been there to see the changing of the guard and see the wreath laying, you should if you ever have a chance to do that. But it was such an honor for me to be involved in that.

We just appreciate everything that our veterans have done for our nation. And if you ever come to one of my offices, you'll see a sign out front that says, "I hire vets." We take that very seriously in our office. We have, probably four combat vets on staff right

now, maybe more—I'd have to think about that—but, at least three or four on staff right now, and we've had others.

One of the things that we see in Washington, when you look at the numbers, is that veteran employment is a very important issue, because it's a challenge for the country. There's a higher unemployment rate there than we'd like to see, and it's a significant challenge. There are things we have been doing and we will continue to do. We're going to talk about some of those today.

But the Department of Defense estimates that in the next 10 years, approximately 1 million service members will transition from the military to the civilian world. So it is critically important that—you know, the DOD and VA are already providing education assistance to our service members and veterans through military tuition assistance programs and GI bill benefits. And, still, I think we're falling short when it comes to preparing service members to really enter into real life in the business world.

But we are seeing improvements, and I think things are going well. One of the things you see is that the Department of Defense, the VA, the Department of Labor, the Department of Transportation, and certainly the Small Business Administration are working together, and they have these programs that they've turned into Transition GPS.

And I don't want to steal your thunder, Ms. Hulit, but there's a lot of good news there. Fully implementing this by the end of 2013, this program will extend the transition program from three days to five to seven days, standardize and expand counseling services for service members before they transition out of the military, and also transform the military's approach to education, training, and credentialing for service members.

So why is that relevant today? Well, veteran-owned small businesses employ over 6 million people and contribute over \$1 trillion to the U.S. economy. Our veterans are twice as likely to start a small business and succeed than their non-veteran counterparts.

By including the Small Business Administration in our military's transitions program, our transitioning service members have greater access to business resources and one-on-one assistance from professionals like, for example, here at UALR, to help them with their business venture, to get that started with a solid foundation. Here in Arkansas, we have seven small business and technology development centers, all of which are partnered with a university.

We also have the SBA Arkansas District Office and several SCORE chapters. I appreciate Linda Nelson for being here today and Janet Roderick, who is here today. I want to thank both of them, not just for being here, but for all the things they've done over the years to help small businesses. Hopefully, they can tell us about some of the things they do.

Many of the participants in today's discussion have received assistance from these technology development centers. They've been able to formulate business plans, conduct market research, and connect to the right counselors and mentors through the process.

For example, Mr. Kevin Kidd is here today. He's one of the participants. He leveraged resources available from the Arkansas Tech Development Centers and moved from Texas—we always love that, right—moved from Texas to open a small business in Jonesboro.

This was made possible by the SBA loan program, which helped him secure the needed access to capital. We're going to hear from him in a few moments, too.

I'm also encouraged by programs like Boots to Business, Entrepreneurship Boot Camp for Veterans with Disabilities, or EBV, and the Women Veterans Igniting the Spirit of Entrepreneurship Program, also called VWISE. When I think about the women's programs at the SBA, I think about Senator Bumpers. Dale Bumpers was the chairman of the Senate Small Business Committee for several years. He really had a heart for women-owned businesses and really tried to make the SBA much more female friendly to try to get more and more of those entrepreneurs out in the market, and there was a lot of success there.

And the numbers don't lie. Of the 823 veterans who participated in EBV programs, 534 went on to start small businesses. That's about 65 percent. Of the 988 veterans who participated in VWISE, 553 went on to start small businesses. That's about 56 percent. And just think about it. That's over 1,000 new businesses because of these programs.

Another one of our participants, Anita Montgomery, participated in the VWISE program and is working to complete her business plan. She believes the training empowered her to succeed, and she wants to be a voice for women veteran entrepreneurs, which would be great.

Senator Landrieu is the chair of this full committee in Washington. Senator Landrieu and I have been working on legislation to improve and expand these services offered by SBA. Senator Mary Landrieu is a tireless advocate for small businesses. I was in two meetings with her yesterday, where she was banging on us about what does this do to small business and how can we help small business with this, so she's really great. What we hear today is going to help us craft legislation when we get back to Washington.

Access to educational resources is very important, but that's only one piece of the puzzle. As you all know—and anyone who's been in business understands this and knows this—that access to capital is both critical, but it's also a challenge to receive. And SBA has programs in place to help that. I'm not going to go through all the details of that. But during FY 2013, the Small Business Administration provided in excess of \$1.86 billion in loans for veteran-owned businesses.

And, Administrator Hult, I would like to just say thank you from all of us because of your emphasis on veterans and trying to help veterans. The SBA also announced that it would be suspending fees on most loans under \$150,000, which is going to be a big help, and we'll have folks explain that today. And I think you may have some other announcements today.

But, here again, it's helpful that these changes will spur lenders to make access to capital more readily available. And we want to hear from our business and our veteran leaders here.

So I'm going to end my remarks here and just want to say thank you for being here and turn it over to you. And then we'll just kind of co-lead this roundtable discussion.

Ms. HULIT. Sounds great. Thank you.



**STATEMENT OF JEANNE HULIT, ACTING ADMINISTRATOR OF  
THE SMALL BUSINESS ADMINISTRATION, WASHINGTON, DC**

Ms. HULIT. Thank you very much, Senator Pryor, and thank you for having me here today. I also want to acknowledge the great work of Janet Roderick at the SBTDC and our district director here in Arkansas, Linda Nelson—wonderful resources to your state, and I encourage all the small businesses to take advantage of that.

I'd like to also welcome all the small business owners who are here today to join us in this discussion. It's an honor to be in Arkansas to highlight SBA's efforts to support veteran entrepreneurs throughout the country and throughout this great state.

Each year, there are over 250,000 service members transitioning out of the military. These veterans possess unique skills, experience, leadership, and drive to make them ideally suited to start a small business and create jobs in their communities. Our nation's 28 million small businesses are the engines of our economy, employing half of the private sector workforce and creating two out of every three net new private sector jobs in our communities.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. According to the most recent U.S. census data, nearly one in 10 small businesses are owned by veterans. These businesses generate about \$1.2 trillion in receipts annually and employ 5.8 million Americans.

Studies have also shown that veterans over-index in entrepreneurship. In the private sector workforce, veterans are at least 45 percent more likely than those with no active duty military experience to be self-employed. At the U.S. Small Business Administration, we are focused on ensuring that these veterans have access to the capital, counseling, and federal contracting opportunities that they need to start and grow successful businesses and create jobs.

One of the agency's key functions is to support loans to small businesses that have challenges obtaining credit in the conventional markets. Our loan programs have a strong track record of leveraging billions of dollars of credit to help entrepreneurs launch and grow their companies and hire new employees.

Here in Arkansas, the SBA has supported more than \$116 million in loans in fiscal year 2013 alone. And in fiscal year 2013, SBA approved more than 3,000 loans to veteran-owned small businesses supporting more than, as the Senator said, \$1.8 billion in credit.

Today, I have the privilege to announce new measures to get even more small business loans into the hands of our nation's veterans. Of all SBA loans that go to veterans, 73 percent are \$350,000 or below. The SBA express program, which supports loans under \$350,000, is SBA's most popular loan delivery method. Since the program's inception, it has also been the most popular delivery method for getting capital into the hands of our veteran borrowers.

So effective January 1st, the SBA is setting the upfront fee for borrowers to zero for all veteran loans authorized under the SBA express program, effectively making these loans cheaper for borrowers and further increasing access to capital for the men and women who have served our country in our nation's military.

This year, SBA also challenged our top national and regional lenders to pledge to increase their lending activity to veterans by 5 percent each year for the next five years. With this support from our lending partners, the SBA expects to serve an additional 2,000 veterans and get over \$4.75 million into the hands of veterans.

In Leachville, Arkansas, veteran entrepreneur David Wallace of Wallace Staffing has been able to utilize SBA resource partners to launch and expand his business. Davis, who is here with us today, served on active duty in the Army for 21 years and in 2002 started his own company which he was able to expand with the help of classes and training from the SBTDC in northeast Arkansas.

He ultimately sold that business and founded Wallace Staffing for which he received an SBA loan in 2010. The company, which often hires veterans for its projects, focuses on disaster cleanup and recovery.

Thank you, David.

Our studies have shown that small business owners that have a long-term counseling relationship with one of our SBA resource partners are more likely to hire, grow, and increase revenues. In 2013, with our resource partner network, including the Small Business Development Centers, Veteran Business Opportunity Centers, Women's Business Centers, and SCORE volunteers, SBA has helped train and counsel more than 107,000 veteran business owners to date.

Here in Arkansas, countless veterans have taken advantage of our strong network of resource partners throughout the state. While we're proud of our success, we continue to develop new ways to assist more aspiring veteran entrepreneurs. Our veterans possess the skills, experience, and leadership to start businesses and create jobs in their communities, and our goal is to give each of these men and women the tools that they need to make informed decisions about whether or not they should pursue entrepreneurship.

One of the ways we have done this is through our intensive entrepreneurship training classes, such as the Senator mentioned, our Entrepreneurship Boot Camp for Veterans with Disabilities, or EBV, our Women Veterans Igniting Spirit of Entrepreneurship, VWISE, which focuses on training and networking for veterans. On January 1st, 2013, we also began rolling out Operation Boots to Business, From Service to Startup, a nationwide entrepreneurship training program in partnership with the Department of Defense.

Boots to Business is currently offered to transitioning service members in locations across the country. There's over 150 military installments, and in the fiscal year 2014 budget, the request is to expand the program significantly.

In addition to our capital counseling programs, SBA also supports small businesses engaged in federal contracting. We are responsible for ensuring that 23 percent of federal contracting dollars go to small businesses. And in 2013, veteran-owned small business owners won more than \$12.2 billion in federal contracts. For the first time ever, the federal government also exceeded its 3 percent goal to contract with service disabled veteran-owned small businesses.

While we're proud of our success, we continue to develop new ways to assist aspiring veteran entrepreneurs. After World War II, our nation's veterans helped reshape the American economy, contributing to one of the longest periods of economic growth in our country's history. At the SBA and across the Obama administration, we know that with the right tools and opportunities, our nation's veterans can continue to build our economy for the long term.

Thank you again for welcoming me here today. I'm happy to answer questions later.

Senator PRYOR. Great. Since we have a great panel of small business veterans, let's go ahead and just kind of go one by one around the table. And if you can just give us two to three minutes maximum and introduce yourself, your name, what city you're from, what your business is, and just maybe a brief description of that, and everybody try to keep that to maybe two minutes or three minutes at the very most.

Why don't we start down here with Mr. Kidd.

Go ahead—and maybe what branch of service you've been with, too.

[The prepared statement of Ms. Hulit follows:]



U.S SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

WRITTEN STATEMENT OF

**JEANNE HULIT**  
ACTING ADMINISTRATOR  
U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

**U.S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP**  
**NOVEMBER 8, 2013**

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Studies have also shown that veterans over index in entrepreneurship. In the private sector workforce, veterans are at least 45 percent more likely than those with no active-duty military experience to be self-employed.

At the U.S. Small Business Administration (SBA), we are focused on ensuring that these veterans have access to the capital, counseling and federal contracting opportunities they need to start and grow successful businesses and create jobs.

One of the agency's key functions is to support loans to small businesses that have challenges obtaining credit in the conventional market. Our loan programs have a strong track record of leveraging billions of dollars in credit to help entrepreneurs launch and grow their companies and hire new employees. Here in Arkansas, SBA has supported more than \$116 million in loans in Fiscal Year 2013.

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This year, SBA also challenged our top national and regional lenders to pledge to increase their lending activity to veterans by five percent each year for the next five years. With this support from our lending partners, SBA expects to serve an additional 2,000 veterans and increase lending by \$475 million.

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Our studies have shown that small business owners who have a long-term counselor are more likely to hire, grow, and increase revenues. In 2013, with our resource partner network including Small Business Development Centers (SBDCs), Veterans Business Opportunities Centers (VBOCs), Women's Business Centers (WBCs) and SCORE volunteers, SBA has helped train and counsel more than 107,000 veteran business owners to date. Here in Arkansas, countless veterans have taken advantage of our strong network of resource partners throughout the state.

While we are proud of our successes, we continue to develop new ways to assist more aspiring veteran entrepreneurs. Our veterans possess the skills, experience, and leadership to start businesses and create jobs in their communities, and our goal is to give each of these men and women the tools they need to make informed decisions about whether they should pursue small business ownership.

One of the ways we have done this is through intensive entrepreneurship training courses such as the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV), and our Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE), which focus on training, networking and mentorship for veterans.

On January 1, 2013, SBA also began rolling out "Operation Boots to Business: From Service to Startup." A nationwide entrepreneurship training program in partnership with the Department of Defense, Boots to Business is currently offered to transitioning service members from all branches of the

armed forces at more than 150 military locations across the country. If the Fiscal Year 2014 Budget request level is funded, we plan to significantly ramp up the program.

In addition to our capital and counseling programs, SBA also supports small businesses engaged in federal contracting. We are responsible for ensuring that 23 percent of federal contracting dollars go to small businesses and in FY 2012, veteran-owned small businesses won more than \$12.2 billion in federal contracting business. For the first time ever, the federal government also exceeded its three percent goal to contract with service disabled veteran-owned small businesses.

While we are proud of our successes, we continue to develop new ways to assist more aspiring veteran entrepreneurs. After World War II, our nation's veterans helped reshape the American economy—contributing to one of the longest periods of economic growth in our country's history. At SBA, and across the Obama Administration, we know that with the right tools and opportunities, our nation's veterans can continue to build our economy for the long-term.

Thank you again for welcoming me here today.



**Jeanne A. Hulit**  
**Acting Administrator**

Jeanne A. Hulit assumed the role of Acting Administrator of the U.S. Small Business Administration in September 2013. As Acting Administrator, Hulit leads a team of more than 3,000 employees and manage the agency's portfolio—including more than \$90 billion in loan guarantees. In addition, the agency helps small businesses access nearly \$100 billion in federal contracts each year and supports counseling and technical assistance to more than one million entrepreneurs. SBA also provides disaster assistance to small businesses and homeowners.

Prior to assuming the role of Acting Administrator, Hulit served as Associate Administrator for SBA's Office of Capital Access since February 2012, where she was responsible for advising SBA Administrator Karen Mills and overseeing the agency's loan programs. During Hulit's tenure, the agency saw two record years of delivering more capital into the hands of small business owners and entrepreneurs than ever before. Hulit also worked to streamline and simplify SBA's loan programs and expand access to the agency's lending programs. Her responsibilities included the agency's loan, microloan and surety bond programs, credit risk management, secondary market activity and managing financial operations centers.

Prior to her Washington assignment, Hulit was appointed to serve as SBA's New England Regional Administrator in August 2009. As regional administrator, Hulit was responsible for the delivery of the agency's financial assistance, technical assistance and government contracting activities throughout the six New England states.

Prior to joining SBA, Hulit spent 18 years in banking, serving as senior vice president for commercial lending at Citizens Bank, vice president and middle market lender at KeyBank, N.A., and manager of Key's International Banking Division. Previously, she served as deputy director of the International Division at the Maine Department of Economic and Community Development. Hulit has also held a number of civic and economic leadership roles, including her tenure as a founder and chair of the Maine International Trade Center, and her service as chair for the University of Southern Maine Board of Visitors.

**STATEMENT OF KEVIN KIDD, TACO KIDD, JONESBORO, AR**

Mr. KIDD. Hello. My name is Kevin Kidd. I'm the owner of Taco Kidd, which is located in Jonesboro, Arkansas. I served in the Marine Corps from September of 1986 to March 1993. I, like a lot of veterans, had aspirations of becoming an entrepreneur.

I began that pursuit in May of 2011 while still living in Laredo, Texas. I was visiting relatives in my home state of Arkansas and decided to talk with a local realtor about the possibilities of a commercial lease for a business idea.

My business idea was about bringing in a Mexican quick service restaurant to northeast Arkansas, based on my exposure to nine years of living in southern California and 11 years living in south Texas. This idea was based on an already successful concept of delivering the freshest and most real ingredients in an efficient manner.

After receiving a favorable commitment from a local realtor, I decided to pursue help from the Arkansas Small Business and Technology Development Center. I attended the ASBTDC's seminar on starting a business. The seminar was free because I was a veteran.

After the training, I began working with an ASBTDC business consultant named Laura Miller. She helped me prepare financial projections and complete the business plan and loan application. Because of my veteran status, we decided to pursue the Patriot Express Loan, which would speed up the normal SBA process. The market research I received from the ASBTDC was invaluable, and my loan was approved by Liberty Bank, which is now Centennial Bank.

We opened Taco Kidd on September 18, 2012, 15 months after the initial process began. Since then, we have received two federal grants in the amount of \$19,500 and \$12,500 from the Federal Home Loan Bank of Dallas. As well, we are to receive an additional \$35,000 which was refinanced in the original loan.

In each of these cases, it was through the assistance of Laura Miller and the ASBTDC and my local bank, which was Liberty Bank, and Debra Taylor. Honestly, without the help of the ASBTDC and those federal loans, as well as the additional refinancing, Taco Kidd would not have survived the first year. However, because of that, a lot of hard work, perseverance, and a little luck, we are still here and almost at the point of thriving.

Any veteran wanting to start a business should contact the nearest ASBTDC office. They helped me with starting Taco Kidd, and I would definitely recommend their services to other veterans. Thank you.

[The prepared statement of Mr. Kidd follows:]



The Senate Committee  
On  
Small Business  
And  
Entrepreneurship

Friday, November 8, 2013 at 10:00a.m.

Hello, my name is Kevin Kidd. I am the owner of Taco Kidd located in Jonesboro, Arkansas. I served in the Marine Corps from September 1986 to March 1993. I, like a lot of veterans, had aspirations of becoming an entrepreneur. I began that pursuit in May of 2011 while still living in Laredo, Texas. I was visiting relatives in my home state of Arkansas and decided to talk with a local realtor (Fred Dacus) about the possibilities of a commercial lease for a business idea. My business idea was about bringing a Mexican Quick Service Restaurant to Northeast Arkansas based on my exposure to 9 years of living in Southern California and 11 years living in South Texas. This idea was based on an already successful concept of delivering the freshest and most real ingredients in an efficient manner (hence quick service). After receiving a favorable commitment from a local realtor, I decided to pursue help from the Arkansas Small Business and Technology Development Center. I attended the ASBTDC's (Arkansas Small Business and Technology Development Center's) seminar on starting a business. The seminar was free because I was a veteran. After the training, I began working with an ASBTDC Business Consultant named Laura Miller. She helped me prepare financial projections and complete the business plan and loan application. Because of my veteran status, we decided to pursue the Patriot Express Loan (which would speed up the normal SBA process). The market research I received from ASBTDC was invaluable, and my loan was approved by Liberty Bank (now Centennial Bank). We opened Taco Kidd on Sept. 18, 2012 (15 months after the initial process began). Since then, we have received two federal grants in the amount of \$19,500 and \$12,500 from the Federal Home Loan Bank of Dallas. Both times, were through the assistance of Laura Miller and the ASBTDC and my local bank (Liberty Bank/Debra Taylor). Honestly, without the help of the ASBTDC and those two federal grants, Taco Kidd would not have survived the first year. However, because of that, a lot of hard work, perseverance, and a little luck.....we are still here..... and almost at the point of thriving! Any veteran wanting to start a business should contact the nearest SBTDC office. They helped me with starting Taco Kidd, and I would definitely recommend their services to other veterans.

Respectfully,

Kevin Kidd

**STATEMENT OF DAMIAN COLEMAN, MARQUETTE GIS, LITTLE  
ROCK, AR**

Mr. COLEMAN. I'm Damian Coleman, President and Owner of Marquette GIS here in Little Rock, Arkansas. I served in the U.S. Army as a topographic analyst—that's a map maker—from 1997 until January of 2002 when I was discharged with an injury from a helicopter. I used my military training to obtain a job with a defense contractor, and I worked for that company for several years before branching out to contract on my own.

I originally formed my company in Louisville, Kentucky, in 2006, and really with no access to capital, the company didn't grow, and I actually ended up losing money and that put me on hold for a while. I got a contract with the state of Arkansas in 2007 and re-incorporated the company in 2009 here in Little Rock.

From that point on, the company has been growing. But I was having difficulties with expanding. I closed on a loan that I acquired through the SBA the 21st of last month. And in that time, I have already acquired two more loans for scanning maps to the state's counties. I wouldn't have been able to have done that without having the additional space.

A lot of my experience with the SBA was—I received my loan through the Arkansas Capital Corporation with the help of Itzel Meador, and I received a lot of help from the Arkansas Small Business Technology Development Center through Nancy Knighten. I really want to thank both of you for the help that you've given me.

My company is a geographic information systems consulting and staffing firm. And for those who don't know what GIS is, to make it simple, it's just the background workings, like making GPS devices work and things like Google Maps. I also recruit for IT positions for several state governments. Currently, we have contracts to recruit for eight states.

I really wish that there had been more information about the SBA available when I got out of the military, because starting a business is something that I've wanted to do since my late teens. But it wasn't in the GIS field. I mean, luckily, I was able to get the military training to be able to have something that would transition into the private sector. But if I had had that information available to me, there's a very strong chance that the business I started back in 2006 would have succeeded.

Senator PRYOR. Well, that's one of the things that SBA is talking about, trying to make that information more available, more accessible.

Mr. Wallace.

**STATEMENT OF DAVID WALLACE, WALLACE STAFFING,  
LEACHVILLE, AR**

Mr. WALLACE. My military experience involved helicopters, Cobras, and I was good at blowing up the things, and that skill doesn't really translate well into the civilian world. Yes, demolition.

Senator Pryor, I'd like to thank you, first of all, for helping us with the Arkansas State ROTC program. Thank you very much for saving it for another year.

I would not be in business today without the help of SBA. The training they have given me and the classes I've gone to taught me

a lot. When I came out of the service, I didn't have a clue about how the civilian world operated. Laura Miller helped me immensely.

My second company—when I picked up the Patriot Loan, I picked up \$262,000 on that. The difference in that loan, which is a 5.5 percent loan—and we've grown so rapidly that I've had to pick up a second loan out in the commercial market for my accounts receivable. That loan is 18 percent. That's an enormous difference. That's what SBA has done for me.

We've been fortunate in the last four months. We've built out about \$1.8 million and 70 percent of that has come back to the folks in our country as payroll. So most of our expenses are payroll. SBA has helped me, especially Laura Miller, and Herb Lawrence with the Small Business Technology Center. There's another group of guys that's with what we call in Arkansas APAC, the Arkansas Procurement Agency. Again, they've helped me win government contracts. They've taught me a lot about how to deal with government agencies in bidding, and all of that is free.

I've bounced back and forth between the corporate world at the senior executive level and owning my own companies. And the advice and the help that I get from SBA, when I had to do that with national companies, I was paying folks \$40 and \$50 an hour and sometimes more than that. The Small Business Technology Center has given that to me free. So thank you very much for all your help.

[The prepared statement of Mr. Wallace follows:]

### Dave Wallace Testimony

I have had two very satisfying careers—one as a career military officer and the second in the staffing/disaster community. In addition my wife and I own 40 rental properties which we operate as Wallace Land Company. I have also been active in my community as an elected city alderman for many years.

I brought the leadership skills I learned in the military to the corporate world of the staffing industry where I started at the entry level as a branch manager and rapidly grew to multi unit management ultimately resulting being in charge of 51 branches for Labor Ready a nation staffing company. Along the way I have owned two staffing companies one of which was Anytime Labor of Memphis and Jonesboro which I founded in 2002 and sold to Command Center staffing in 2006. Following the sale I remained with Command Center staffing as the senior regional vice president where I was responsible for the day to day operation of all the branches within Command Center.

I founded Wallace Staffing in 2010 which specialized in disasters. We have provided labor throughout the country during major disasters such as the BP Oil spill, Hurricane Isaac, Hurricane Sandy, and most recently the flooding in Boulder Colorado as well as countless smaller disasters which occur daily throughout our country. We typically get 24-36 hours notice to deploy and within 72 hours will routinely have 75 to 100 workers on the ground.

Listed below is my career:

- ❖ Retired Regular Army Lieutenant Colonel who commanded at every level from a platoon leader in Viet Nam to battalion commander before retiring with 20 years of active duty. I also attended the Army's Command and General Staff College and was selected for the Army War College.
- ❖ Combat awards include three Distinguished Flying Crosses, Bronze Star, Air Medal for Valor, two Vietnamese Crosses of Gallantry, and one Vietnamese Honor medal as well as the Legion of Merit.
- ❖ Selected to the Arkansas State University Hall of Heroes in 2010.

**Experience in the staffing industry is listed below:**

- ❖ **1996**-As a new branch manager for Labor Ready in my first year I led the Mid South district as well as the entire Southeast region of Labor Ready in sales in 1997.
- ❖ **1997**-Branch was also ranked eighth in the country out of 606 branches in sales for 1997.
- ❖ **1998**-Produced \$2,687,244 in sales for 1998 with net revenue of \$270,137 (13.7%)
- ❖ **1999-Promoted to district manager** in early 1999. Responsible for Memphis, Nashville, Jackson TN, Jackson MS and Northeast Arkansas. Mid South district (Labor Ready).
- ❖ **1999**-District led the Southeast region in sales for 1999 with 12 million dollars in sales.

- ❖ **1999**-District was also 4<sup>th</sup> in total sales revenue of 111 districts Labor Ready in 1999.
- ❖ **-1999-Promoted to Director of Operations** for the Mid Atlantic division in Nov of 1999 with responsibility for 51 branches and an eighty million dollar sales budget. The Mid Atlantic division finished was second of eleven divisions in total sales revenue in 2000. (Labor Ready)
- ❖ **2002-Started Anytime Labor** (a Commander Center Franchise) in 2002 from the ground up in Memphis TN. Grew the company from the first dollar to \$2.5 million in four years.
- ❖ **2005-** In addition to being the 100% owner of the Memphis franchise I was also a partner in three other Command Center franchises (Tulsa, Nashville and Washington DC).
- ❖ **2006-Sold my company in April 2006** to the Franchisor (Command Center) and per a request by Command Center I accepted a multi branch assignment where I eventually was promoted to Senior Regional Vice President responsible for all Command Center branches.
- ❖ **2010-Established Wallace Staffing and Labor LLC** which is a Service Connected disabled Veteran owned company as well as a HUBZone certified company. Applied for and received a SBA Patriot Express loan of \$262,000 the same year.
- ❖ **2012-Awarded Federal government contract** to provide janitorial service for Army Reserve Center in Jonesboro Arkansas.
- ❖ **2013-Experiencing rapid growth and have invoiced out over \$1.8 million in the past five months.**

**Dave Wallace**

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- ❖ Combat awards include three Distinguished Flying Crosses, Bronze Star, Air Medal for Valor, two Vietnamese Crosses of Gallantry, and one Vietnamese Honor medal as well as the Legion of Merit.
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- ❖ **-1999-Promoted to Director of Operations** for the Mid Atlantic division in November of 1999 with responsibility for 51 branches and an eighty million dollar sales budget. The Mid Atlantic division finished second of eleven divisions in total sales revenue in 2000. (Labor Ready)
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- ❖ **2006-Sold my company in April 2006** to the Franchisor (Command Center) and per a request by Command Center I accepted a multi branch assignment where I eventually was promoted to Senior Regional Vice President responsible for all Command Center branches.
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- ❖ **2012-Awarded Federal government contract** to provide janitorial service for Army Reserve Center in Jonesboro Arkansas.
- ❖ **2013-Experiencing rapid growth and have invoiced out over \$1.8 million in the past five months.**

**STATEMENT OF JANET RODERICK, STATE DIRECTOR, ARKANSAS SMALL BUSINESS AND TECHNOLOGY DEVELOPMENT CENTER, LITTLE ROCK, AR**

Ms. RODERICK. I really hate to follow stories about small businesses, because they're so exciting for me. And I'm here just to talk a little bit about our services that you've heard a lot about.

So, Senator Pryor and Administrator Hulit, thank you for being here and supporting our program. I'm the State Director for the Arkansas Small Business and Technology Development Center, which is a difficult name for me to say as well. I'm the person that's lucky enough to get to work with Nancy Knighten and Laura Miller and Herb Lawrence and a variety of other counselors located in our six offices throughout the state of Arkansas.

We are with the College of Business here at UALR and so are our other offices throughout the state. It's a big benefit in Arkansas that the colleges of business support the Small Business Development Centers. We work with Arkansans from all walks of life who want to start a business. We've assisted a number of veterans with fulfilling their dreams of business ownership.

In our experience, two of the most common challenges they face are financing their ventures and determining the market for the type of business they want to start or buy. Like the majority of our clients, access to capital is an issue for veterans wanting to become entrepreneurs. Many will need bank loans plus their own resources. But even before seeking to obtain financing, entrepreneurs must know if a market exists for their prospective business product or service.

The market research data and analysis at ASBTDC provided free of charge can help new entrepreneurs make informed decisions before they sign the lease or commit their funds for their startup concept. Any Arkansas veteran who is a current or prospective small business owner can get no-cost, confidential, one-on-one professional business counseling from the ASBTDC.

Our experienced consultants provide resources and recommendations for any type of for-profit venture. We can help veterans create a business plan; help determine if the business idea is feasible; and assist with money, management, or marketing issues. We have walked veterans through the SBA loan application process, including, as you've heard here, the Patriot Express loans, many times and have assisted veterans in their successful pursuit of small innovation research and small business technology transfer funding.

For veterans who are already in business, we can provide training and consulting on government contracting, an important opportunity for veteran-owned businesses. Veterans may attend our fundamental startup business seminar, Starting a Business in Arkansas, free, as you've heard. Regularly offered at locations throughout the state, the class really helps prepare participants for the intensive business planning process. Since 2004, 350 veterans have taken advantage of this offer, including 46 this year.

Serving in the military is not just a job. It's a total commitment. Building a solid and successful business requires a similar level of commitment and a can-do attitude. We at the Arkansas Small Business and Technology Development Center are eager to help

veterans turn their vision, skills, and experience into successful businesses.

Thank you.

Senator PRYOR. Thank you.

[The prepared statement of Ms. Roderick follows:]



Senator Pryor, Administrator Hult, and Members of the Committee, good morning and thank you for the opportunity to appear before you today. I am Janet Roderick, the state director of the Arkansas Small Business and Technology Development Center network. Our lead center is housed here in the UALR College of Business, so welcome to our home. We also have six other offices around the state.

The ASBTDC works with Arkansans from all walks of life who own or want to own a business. We have assisted a number of veterans with fulfilling their dreams of business ownership.

In our experience, two of the most common challenges they face are 1) financing their ventures and 2) determining the market for the type of business they want to start or buy.

Like the majority of our clients, access to capital is an issue for veterans wanting to become entrepreneurs. Many will need bank loans plus their own resources.

But even before seeking to obtain financing, entrepreneurs must know if a market exists for their prospective business's product or service. The market research data and analysis that Arkansas SBTDC provides free-of-charge can help new entrepreneurs make informed decisions before they sign a lease or commit their funds for a start-up concept.

Any Arkansas veteran who is a current or prospective small business owner can get no-cost, confidential, one-on-one professional business counseling from the ASBTDC. Our experienced consultants provide resources and recommendations for any type of for-profit business venture. We can help veterans create a business plan, help determine if a business idea is feasible, or assist with any money, management or marketing issue.

We have walked veterans through the SBA loan application process, including for Patriot Express loans, many times, and have also assisted veterans in their successful pursuit of Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) funding for innovation-based ventures. For veterans who are already in business, we can provide training and consulting on government contracting, an important opportunity for veteran-owned firms.

Veterans may attend our fundamental start-up seminar, "Starting a Business in Arkansas," free of charge. Regularly offered at locations throughout the state, the class prepares participants for the intensive business planning process. Since 2004, 350 veterans have taken advantage of this offer, including 46 this year.

Serving in the military is not just a job, it's a total commitment. Building a solid and successful business requires a similar level of commitment and a "can-do" attitude. We at the Arkansas Small Business and Technology Development Center are eager to help veterans turn their vision, skills and experience into successful businesses.

###

**STATEMENT OF LINDA NELSON, DISTRICT DIRECTOR, SMALL  
BUSINESS ADMINISTRATION, LITTLE ROCK, AR**

Ms. NELSON. Senator Pryor, thank you for inviting me and for getting our administrator to come to Arkansas. It's always an honor, and I love being with her. She is very down to earth and very engrossed in what she's doing for small businesses and for veterans.

To those who have testified about using our programs, I'm glad that you found them, and we'll try to make them more readily available. And to Mr. Kidd, I would say that that luck was really because you would not give up, and to the others, too.

And, Dave, I need to talk to you about that 18 percent loan.

[Laughter.]

I've been the District Director since 2004, and I have a total of 35 years with SBA. We have a staff of 10, and six of them are veterans. Two of the three professionals that I've hired are veterans, including our newest deputy, Jim Aardappel. And three of the four promotions that have been done in my tenure were veterans. I know a good thing when I see it. I appreciate the skills and the training that they bring from their military service.

We cover all 75 counties of Arkansas from the main office in Little Rock and a satellite office in Fayetteville. According to the latest census, there are some 245,000 veterans in Arkansas. That's 8 percent of the population compared to 7 percent nationally. And veteran-owned firms account for 10 percent of all firms in Arkansas, some 25,000, compared to about 9 percent nationally. There's not many statistics Arkansas has where we're a little bit better than the national, so that's why I'm emphasizing this.

During those 10 years since I have been the District Director, we've made SBA loans to 441 veterans for over \$98 million, which is about 11 percent of our loan volume over that period. We can do more, and we expect to see increases because of the lenders-veterans pledge that our administrator initiated.

We have three lenders who took the pledge headquartered in Arkansas, and that's more than any other state, I believe—Arkansas Capital Corporation, who is represented here today; Evolve Bank out of West Memphis; and Arvest Bank headquartered in Fayetteville. I'm also sure that the administrator's new proposals as outlined today will make a difference. She and her predecessor really worked to streamline and simplify.

We have implemented the Boots to Business training program at Little Rock Air Force Base and hope to expand it to the National Guard and Reserves as well. Through the years, we have also participated in the mobilization, demobilization, yellow ribbon events to be there with the ASBTDC to help those who might want to start a business when they come back, or if they have one, to help them stabilize it while they're gone.

Thank you again, Senator, for your service, as always, and this opportunity.

Senator PRYOR. Thank you.

[The prepared statement of Ms. Nelson follows:]



U.S. SMALL BUSINESS ADMINISTRATION  
*Arkansas District Office*  
2120 Riverfront Drive, Suite 250  
Little Rock, Arkansas 72202

Linda R. Nelson  
District Director

WRITTEN STATEMENT OF

**LINDA NELSON**

Arkansas District Director  
U.S. Small Business Administration

BEFORE THE

U. S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
NOVEMBER 8, 2013

Senator Pryor, thank you for inviting me today, for calling attention to our veterans and their contributions, both as members of the military and as entrepreneurs. Acting Administrator, it is an honor to have you in Arkansas. And to those veterans here today, thank you for your service then and ongoing.

I have been the District Director since 2004, and a total of 35 years with SBA. We have a staff of 10 – of which six are veterans. I have come to appreciate the skills and training they bring from their military service. We cover all 75 counties of Arkansas from the main office in Little Rock and a satellite office in Fayetteville.

According to the latest census, there are 245,000 veterans in Arkansas, 8 percent of the population compared to 7% nationally, and veteran owned firms account for 10% of all firms in Arkansas, some 25,000 – compared to 9% nationally.

During the 10 years since my appointment, we have made SBA loans to 441 veterans for over \$98 million. This is 11% of our loan volume over that period. We can do more and expect to see increases because of the Lenders' Veterans Pledge. We have three lenders who took the pledge headquartered in Arkansas: Arkansas Capital Corporation, Evolve Bank, and Arvest Bank. I am also sure that the Administrator's proposals as outlined today will make a difference.

We have implemented the Boots to Business training program at Little Rock Air Force Base and hope to expand that to the National Guard and Reserves as well. Through the years, we have participated in almost all of the mobilization and demobilization events around the state for those who might already have a business or want to start one – also supported by the Arkansas Small Business and Technology Development Center.

Thank you again Senator for your service and this opportunity.

Ms. Meador.

**STATEMENT OF ITZEL MEADOR, VICE PRESIDENT, ARKANSAS CAPITAL CORPORATION, LITTLE ROCK, AR**

Ms. MEADOR. I always get very excited to hear stories about small businesses. We had an opportunity to visit before we got here, and it was great.

And, Senator Pryor, I'm just so thankful that you have given us this opportunity to speak, but, more importantly, to have us all together in a room. That makes a really big difference.

Jeanne, we're very thankful to have you here in Arkansas.

As Vice President of Arkansas Capital Corporation, it's really an honor to be able to facilitate loans for veterans. I've been with Arkansas Capital Corporation for over 13 years, and I am just really excited to be able to help servicemen and servicewomen who have done so much for our country. My husband is a disabled veteran, so I have a special connection with some of you.

Arkansas Capital Corporation was formed in 1957, and it is a privately held nonprofit organization that's dedicated to improving economic growth here in Arkansas and also promoting job creation. Arkansas Capital Corporation and Six Bridges Capital Corporation, which is an affiliate company, empowers entrepreneurs by providing capital to businesses through its government guaranteed programs.

According to an advocacy study that was performed by SBA, veterans are at least 45 percent more likely than those with no active military duty experience to be self-employed. However, there are challenging economic times that make it very difficult for veterans to get access to capital.

With the assistance of the U.S. Small Business Administration, and a great partnership with the Small Business Technology Development Center, Arkansas Capital Corporation and Six Bridges Capital have been able to provide access to this capital. SBA has a product specifically for the military or former military or spouses and widows known as the Patriot Express.

We are a Patriot Express lender, and this program streamlines the application process for not just startup businesses, but also for existing businesses. Not only are we Patriot Express lenders, but we are also a preferred lender with the SBA. So we have the ability to process SBA 7(a) loans more efficiently and effectively. In 2013, we initiated the Express 150 which allows us to be able to put together an SBA loan faster. It promotes access to capital for loans from \$50,000 to \$150,000.

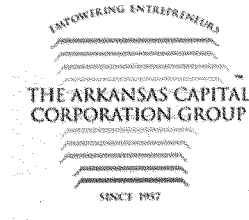
Veterans have a track record of starting and being successful with their small businesses. We also have the Vet Loan Advantage through our sister company, Six Bridges Capital Corporation, and veterans have access to capital at a lower cost. The Vet Loan Advantage from Six Bridges Capital Corporation provides businesses with substantially lower processing fees, which allows veterans to start or expand their businesses with fixed assets. This helps veterans strategically position themselves for long-term growth while preserving their working capital.

As Linda had noted, we are signed on for the SBA's veteran pledge initiative, which means we have a commitment to increase

lending to veterans by 5 percent per year for the next five years. We're excited to have one of our customers here, Damian Coleman. And we really want to be able to grow our company in the fact that we are able to promote more with veterans.

We really are thankful for the opportunity, Senator Pryor, to be here and to be able to represent our company.

[The prepared statement of Ms. Meador follows:]



**WRITTEN STATEMENT OF**

**ITZEL MEADOR**

**Vice President**

**Arkansas Capital Corporation Group**

**BEFORE THE**

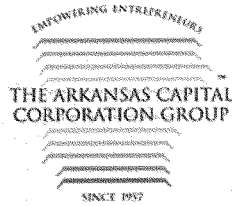
**U. S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
NOVEMBER 8, 2013**

Senator Pryor, it is an honor to be invited to this special event for veterans. Acting Administrator, we are thankful to have you in Arkansas. And to the veterans in the audience, we appreciate the sacrifices you have made for our country and for taking the time to be here today.

As Vice President of Arkansas Capital Corporation, it is a personal honor to be able to facilitate loan products for Veterans. I have been with Arkansas Capital Corporation for over 13 years and I am thankful that our company sees the importance in assisting valuable service men and women who have done so much for our country. My husband is also a disabled veteran so I have a personal connection with many of you here.

Arkansas Capital Corporation Group was formed in 1957 and it is a privately held group of for-profit and non-profit corporations dedicated to improving economic growth and job creation in Arkansas. Arkansas Capital Corporation Group and its affiliate company, Six Bridges Capital Corporation, empower entrepreneurs by providing capital to businesses through its government guaranteed products. According to an Advocacy study performed by SBA, veterans are at least 45 percent more likely than those with no active-duty military experience to be self-employed. However, challenging economic times often make it difficult for veterans to find capital for their businesses.

With the assistance of the U.S. Small Business Administration, Arkansas Capital Corporation and Six Bridges Capital Corporation, has been able to provide access to capital. SBA has a product specifically for military, former military, and their spouses and/or widows known as the Patriot Express.



This program streamlines the application process for start-up or existing businesses. Not only are we approved Patriot Express lenders, but Arkansas Capital Corporation has a preferred lender status with SBA so we can process SBA 7a loans more efficiently and effectively. In 2013, we initiated the Express 150 product which provides faster access to loans ranging from \$50,000- \$150,000.

Veterans have a track record of starting and running successful small businesses. With VetLoan Advantage from Six Bridges Capital Corporation, veterans have access to capital at a lower cost. VetLoan Advantage from Six Bridges Capital Corporation provides businesses with a substantially lower processing fee, allowing more opportunity for veterans to start or expand their businesses with fixed assets. Veterans are able to strategically position themselves for long-term growth while preserving their working capital.

Arkansas Capital has signed SBA's Veteran Pledge Initiative – a commitment to increase lending to veterans by 5% per year for the next five years. We are pleased to announce that in 2013 we have already approved 5 applications to Veterans.

Thank you again Veterans for your service and Senator Pryor for this opportunity.



Senator PRYOR. Thank you.  
Ms. Montgomery.

**STATEMENT OF ANITA MONTGOMERY, BOOTS AND BRAS, LLC,  
WATSON, AR**

Ms. MONTGOMERY. Senator Pryor and other distinguished guests participating today, thank you for the opportunity to be here to speak on behalf of women veteran entrepreneurs. My name is Anita Montgomery. I have been a veteran for 23 years after having served in the U.S. Air Force. I am the founder of Boots and Bras, LLC, a startup manufacturing company celebrating the uniqueness, the challenges, and the triumphs of the female veteran and the active duty service member.

As the Senator mentioned, I am a 2013 Seattle VWISE grad, and I'm also a National Veterans Small Business Conference participant. When I first sat down with my rep at the Small Business and Technology Development Center earlier this year, I told her, "I want to start my own business, but I want the SBTDC to write my plan for me." This came from a person who has spent her entire professional life as a writer, but the task seemed so daunting.

However, as one VWISE instructor said, the most important part of writing the plan is the process of writing it. The VWISE program in combination with the Little Rock SCORE office have provided me with the tools to launch my business.

While the Veterans Small Business Conference gave me the information necessary to lay the groundwork to achieve my short-term goals, the Small Business Conference gave me the long-term groundwork to achieve my long-term goal of contracting with the DOD and VA to place my product in the respective commissaries. As a service connected disabled vet, I am also working with the VA Voc Rehab program to tap into all resources available in an effort to ensure greater success in the venture.

For this invaluable support along the way, I am immensely grateful.

[The prepared statement of Ms. Montgomery follows:]

Senator Pryor and other distinguished guests participating today,

Thank you for the opportunity to be here today to speak on behalf of women veteran entrepreneurs. My name is Anita Montgomery. I have been a veteran for 23 years after having served in the U.S. Air Force. I am the founder of Boots & Bras, LLC, a start-up manufacturing company celebrating the uniqueness, the challenges and the triumphs of the female veteran and active-duty service member. I am also a 2013 Seattle V-WISE graduate and a National Veterans Small Business Conference participant.

When I first sat down with my representative at the Small Business and Technology Development Center earlier this year, I told her, "I want to start my own business, but I want the SBTDC to write my business plan." This came from a person who has spent her professional life as a writer because the task seemed so daunting. However, as one V-WISE instructor said, "The most important part of writing the plan is the process of writing (it)." The V-WISE program, in combination with the Little Rock SCORE office, has provided me with the tools to launch my business; while the Veterans Small Business Conference gave me the information necessary to lay the groundwork to achieve my long-term goal of contracting with the DOD and VA to place my product in the respective commissaries. As a service-connected disabled veteran, I am also working with the VA Vocational-Rehabilitation program to tap into all resources available in an effort to insure greater success in the venture. For this invaluable support along the way, I am immensely grateful.

As a former County Veteran Service Officer, I am aware that services are sometimes uneven either due to the representative's lack of training or lack of initiative. Oftentimes, veterans have to search for a right fit to see that their needs are met, whether that is a VSO or an SBA office. During this process, I learned to piece together my market research. Yet, I am much more knowledgeable for the experience. I have found that those offices where anonymous surveys are solicited for follow-up are the ones that are more likely to fulfill their responsibilities.

As a V-WISE graduate, I had the opportunity to meet -- and be encouraged by -- other female entrepreneurs. Since graduating, we have reached out to each other both professionally and personally to continue the networking we started in Seattle. And I am grateful to Dr. Mike Haynie at Syracuse University and the SBA in realizing that, while we are all veterans, female veterans are not necessarily the same as male veterans.

While veterans are 45% more likely to start a business than their non-veteran counterparts and female-owned businesses are the fastest growing segment, only 4% of veteran-owned businesses are owned by female veterans. With the number of female veterans projected to increase to 2.2 million by 2040, programs like V-WISE are essential to the future of the American economy.

Anita Montgomery is a native of Dumas, AR and served as a Public Affairs Officer at the U.S. Air Force Academy from 1987-1990. She received her Bachelors of Arts degree in English from Iowa State University and has primarily worked in the newspaper and public relations fields since her time in the service. She is a widowed mother of three children: Terry, a criminal justice graduate from the University of Arkansas at Monticello; Sally, currently a student at UAM; and James, who has autism and attends the ninth grade at McGehee High School.

Her entrepreneurial venture, Boots & Bras, LLC, is in the start-up phase. She describes the company's products, which are designed for female veterans, as "who don't always feel appreciated for their unique service and sacrifice."

Senator PRYOR. Thank you.  
Ms. Fitch.

**STATEMENT OF ESTHER FITCH**

Ms. FITCH. My name is Esther Fitch, and I am a 23-year Army vet. I very recently decided to go into a business ownership venture after serving 23 years in the Army as a licensed practical nurse and the last six years as an AMEDD recruiter.

I received a lot of leadership skills during my time in the military but I found that I was not able to use leadership skills and military ethics in the civilian workforce. After retiring in 2008, I worked in several different areas, and I just could not find what I was looking for.

I'm a licensed practical nurse and the business that I'm planning to start is a janitorial service. But that's just the first step. I don't plan on being there forever. I'm going to have to get back to my nursing roots.

I found the SBA by pure accident. I was looking for the SCORE office and happened to run into Ms. Penny Fogle, who was the veterans representative with the SBA, as I was leaving the building. She stopped me and brought me into her office, and we sat down and talked for four hours about a lot of the opportunities that are available with the SBA for startup business owners.

Now, since I'm a startup company, of course, this is all very new to me, and I know that I'm going to continue to need their assistance. But the first step that was given to me was getting in touch with the Arkansas Small Business and Technology Development Center. They have been a great asset in helping me with the first step, which is the business plan.

I have every confidence in the world that they are going to be there with me throughout the continued steps of getting my business started. Thank you for this opportunity to sit on this board, because it has definitely given me that boost that I needed to get back on track.

[The prepared statement of Ms. Fitch follows:]

My name is Esther Fitch. I am a 23 year retired Army Veteran. I served in the Army as a Licensed Practical Nurse. After retiring in 2008 I worked three different jobs as an LPN and found myself feeling unfulfilled in the positions that I held because a lot of my leadership skills and military ethics were not being used. So this year in September I decided that it was time for me to test my ability to use some of the knowledge that I have gained during my time in the Army to start my own business. It was by accident that I stumbled upon the SBA. I happened to overhear a conversation at the office of the Secretary of State about the organization SCORE, so I asked where they were located. The people from SCORE were not available but the veteran representative for the SBA just happened to be in the hall as I was leaving. I asked about her organization and she was very informative. She gave me several organizations to contact for assistance and training on starting your own business. I have found the SBTDC program to be very helpful in getting me started on the first steps to starting my business plan. I am a new start-up and I know that I have a long way to go but I have every confidence in the SBA and their ability to guide me along the way.

Senator PRYOR. Thank you.  
Mr. Frisby.

**STATEMENT OF JEFF FRISBY, ENLISTED ASSOCIATION OF  
THE ARKANSAS NATIONAL GUARD**

Mr. FRISBY. Good morning. My name is Jeff Frisby. I am a current serving member of the Arkansas Army National Guard. I am a resident NCO full time member of the Arkansas National Guard, serving in Searcy, Arkansas, at HHC 2nd in the 153rd. I am here this morning on behalf of the Enlisted Association of the Arkansas National Guard, and I'm very honored to be here.

On behalf of the enlisted members of the Arkansas Air and Army National Guard, we are honored to be here today. We have nearly 8,000 enlisted soldiers and airmen in our ranks, and we represent some of the greatest men and women that Arkansas has to offer, citizen soldiers and airmen who have continually demonstrated hard work and commitment to their nation, state, communities, and families.

I have been working with the Enlisted Association for over 14 years, serving in almost every capacity within our association, to include currently serving on our National Board of Directors. We are the only organization who can actually say that our only interest is to promote, protect, and to support legislation and programs that benefit the enlisted members of the National Guard.

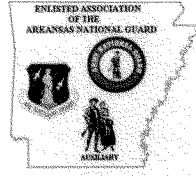
Of our enlisted force in Arkansas, we have 900 full time active Guard-Reserve workforce. Each year, about 40 of those members retire or transition into the civilian workforce. Arkansas has also had multiple deployments in the recent years, sending soldiers and airmen from almost every small town across the state overseas, warriors who have left their jobs often to wonder what would welcome them once they return home.

If the transition is from our full time workforce or just simply returning from a mobilization, the National Guard has depended on the services and support and the insight of the SBA and programs like the Transitional Assistance Program. Representing what we consider one of the most reliable and best trained available workforces to employers across the state, we're extremely eager to be here today to extend these services to each and every member of the Arkansas National Guard.

It's an honor to be here today and speak on behalf of these incredible Arkansans who have shown true dedication and commitment.

Thank you, Senator, for giving us the opportunity to provide their voice to this group today as we seek ways to expand these programs and educate our Guardsmen on their future endeavors.

[The prepared statement of Mr. Frisby follows:]



ENLISTED ASSOCIATION OF THE ARKANSAS NATIONAL GUARD  
P.O. BOX 535  
North Little Rock, Arkansas 72115

WRITTEN STATEMENT OF  
**JEFFREY JAMES FRISBY**  
Legislative Director, EAANG  
AREA Director, EANGUS

BEFORE THE  
U. S. SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
NOVEMBER 8, 2013

On behalf of the Enlisted members of the Arkansas Air and Army National Guard, we are honored to be here today. With nearly 8,000 enlisted Soldiers and Airmen in our ranks, we represent some of the greatest men and woman that Arkansas has to offer; Citizen Soldiers and Airmen who have continually demonstrated hard work and commitment to their nation, state, communities, and families.

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Of our enlisted force in Arkansas, we have a 900 man full time, Active Guard Reserve (AGR) workforce. Each year, the state averages about 40 members who retire or transition from the fulltime workforce into the civilian workforce. Arkansas has also had multiple deployments in recent years, sending Soldiers and Airmen from almost ever small town across our great state overseas; Warriors who have left jobs often to wonder what would welcome them once they returned home. If the transition is from our fulltime work force or returning from a mobilization, the National Guard has depended on the services, support and insight of the SBA and programs like the Transition Assistance Program.

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Jeffrey James Frisby  
(501) 425-0834

Senator PRYOR. Thank you, and thanks again for your service and for being here.

Here's what we'll do. We're going to kind of co-lead this, Ms. Hult and I are, and we'll just start asking questions. And maybe what we ought to do to kind of allow us to see who wants to make a point or has a question—in a lot of these sessions, what we'll do is get you to get your name tag and just sort of stand it up, and that way, we can look and see who wants to ask a question. It's not quite the free-for-all at that point—so whether you want to ask a question or answer a question or make a point or whatever.

But let me start, if I can, by asking Ms. Roderick and also Ms. Nelson about the types of people you see come in the door. How prepared are veterans to really get that business going? They may have a great idea. They may or may not have a real developed plan or not. But what's the typical person that comes in that needs some help and wants some of your services?

Ms. RODERICK. I don't want to make this sound wrong. Veterans are different when they come through the door. They seem to have more commitment to succeeding. On the other hand, oftentimes they're unsure that their idea is good. They have been exposed, I think, to a lot of—you know, there's always bad people out there who are trying to suggest that they've got the answer to get your product in the market.

There's a number of people out there, no matter what the situation is, who are ready to take advantage of someone. I think veterans are oftentimes taken advantage of or given the wrong information on how to get their business started. So we have that issue, I think, always. I mean, I can't point to a specific story, but there's a wide variety of them.

So it's kind of cutting through the clutter and getting your information about the Small Business and Technology Development Center and the SBA's other programs to the veteran. We always ask the question, "How did you find out about us?" And our biggest referral source is our bankers, and people often hear about us—when I asked the question this morning, it was word of mouth. So a lot of this is providing information at briefings and letting people know who we are and where we are.

Ms. NELSON. I agree with a lot of what she said. But one thing I think I've noticed a difference in is they're a little bit better prepared to ask questions. You know, most people who are starting a business for the first time don't always know everything they need to know. They don't know what they don't know.

But I've found that many of the veterans I've talked with ask a lot more questions than those who aren't. I think they're resilient. I mean, you just sense that they're going to do this, and they're going to do whatever it takes to get it done. So that would be just one thing to add to it.

Ms. HULT. Thank you. I just want to say one of the themes that I heard from this panel and that I hear many times when I do outreach about the SBA is the lack of awareness of what's available. I think the federal government has an enormous amount of wonderful resources but no marketing budget to promote them.

So I guess my question for you is what could we do or do differently to get the word out so that you didn't have to sort of stum-



ble across our resources. Some of the initiatives that we talked about—the Boots to Business to help transitioning service members get information about entrepreneurship and resources as they’re exiting. The military is one of those efforts. All those efforts require resources from us to get those programs out.

But where is the source of information most available to you, and where would you go look?

Mr. WALLACE. If I was a new veteran coming out, the Transition Assistance Program, TAP, in the Army, with the military period. That’s probably the last central location that every trooper will go through. You may have it already, but if there’s a link between the SBA and TAP, that would be an inexpensive way for you all to reach out and touch literally every military person coming out.

I wasn’t fortunate enough to go through TAP when I returned. I didn’t know about it, and, frankly, I was lost for about three or four years. You know, the civilian community didn’t post rule guards at the crosswalks, so I didn’t know how to even cross the road or anything. I was used to doing all that in the military, and I had to learn the hard way.

But the TAP program they have now does a pretty good job of helping the guys. And I would suggest that might be an inexpensive way to market your services.

Ms. HULIT. Thank you. That is an area where our Boots to Business is really connected and an area that I know the Senator is very supportive of us expanding. For those that aren’t transitioning out but are in the communities already—I know Janet mentioned that most of her referrals come from the banks. But is there another sort of public resource—we have a website, but everybody has a website—that makes the most sense for us to put some resources into promoting?

Ms. MONTGOMERY. As a former county veteran service officer, that is a part of the CVSO’s job. I don’t know how it’s set up in other states, but here in Arkansas, we have a county veterans service officer in every county. And our CVSOs need this information. I followed VWISE on Facebook for a couple of years before I committed to it. But it just happened that something from EBV came across my desk. The CVSOs have state training every year, so networking and giving these CVSOs that information so that they can turn around and say, “You know, have you thought about doing this?”

Ms. NELSON. If I could just add thing, Penny Fogle participated in that training this year. So we may have lucked into the right place.

Ms. HULIT. Thank you.

Ms. FITCH. Well, one of the things that I think would be a good way to get the word out—and I can speak from personal experience, because this is something that I’m going through right now. Most of us know where to go to get the business registered. That’s where I first started to hear that there were other organizations out there. Through just talking to people in the past, I had heard about SCORE. But the SBA was just not one of the organizations that I knew that was available to me.

If there was someone there at the secretary of state’s office, where you register your business, who could give a little bit more

information on that or just include that in their presentation or their information when they are talking to you about how you register your business—and I know that that may not be their total responsibility. But they could either have literature on it or just mention it, because, let's face it. There are a lot of questions that you just don't know that you need to ask about what is available to you. That would probably be a good place to start, just having them be able to point us in the right direction.

Ms. NELSON. We did that for a while at the secretary of state's office, and I know that SCORE has continued to do it at times. But you make a very good point. We didn't think we were meeting the needs. We'll reconsider that.

Senator PRYOR. Let me ask a follow-up on that, if I can. I know that all of you have gone to the SBA for one thing or another. Once you get there, is it a friendly environment? Is it something that's encouraging? Tell us about that. How does that go?

Mr. WALLACE. Every office that I've dealt with that involved SBA has been proactive in dealing with me. They've been friendly when I walked in. I still ask a lot of dumb questions, and they give smart answers to my dumb questions, and they follow up. I get calls all the time from Ray Blevins at APAC. I get calls all the time from Laura Miller, saying, "Hey, how are you doing? What do you think about this? How can we help you?" They're good folks.

Senator PRYOR. I have a question for Mr. Kidd as well while we're kind of on that topic. I know your story is you were down in Texas somewhere. How did you find Jonesboro? Was SBA part of that, or did you have some connection there?

And, also, I have a question that's related. I noticed that one of the things you do in your business, as I understand it, is you somehow designate 10 percent of your revenues—I'm not quite sure how—to local churches—and charities, I guess—but local churches. And I'm curious if that was part of your business plan. Obviously, it's been a big motivator for you to do this. But I'm wondering if that was part of your business plan and how all that came about.

Mr. KIDD. Well, as far as knowing about Jonesboro, I grew up in Blytheville, Arkansas. I was born on the Air Force Base there. My dad was in the Air Force. Like most people in northeast Arkansas, everybody gravitates towards Jonesboro. When I started making plans to come back home with an idea, naturally, Jonesboro was the best choice. It's a thriving city, a nice place for your family, and I wanted to be a part of that.

Also, I thought that my business idea would do well there. There's the Arkansas State University. We've got a brand new hospital, the Northeast Arkansas Baptist Memorial, that's getting ready to open in about two months. That was a huge part in picking the location where I'm at.

As far as the 10 percent, I wasn't aware that you knew about that. Really, I was just trying to get the community more involved with Taco Kidd. And the way I wanted to do that was, like, if you can help support a local business owner, I'm willing to give back, because one of the struggles of going out on your own and starting something completely new that nobody knows about is getting people to know who you are. That's been one of the biggest challenges that I've had, and it's getting better. It really is.

As I mentioned earlier, Laura Miller and her team have been a huge help. Every time that I've gone to her, she's been able to help me get one step further. And I even feel like that will continue. I mean, I still have a young business. I talk to her frequently, also, and that's exciting. More veterans need to know about that.

I kind of stumbled—I was telling Janet earlier that I had a family relative that simply said, "Oh, I know somebody who did this." So I sought out the ASBTDC, and from that point on, all the doors opened. They really did. You know, they said, "Well, what was your struggle through the process?" I really didn't have a struggle getting to the loan. It was once the doors opened to our business that the struggle began, you know, like most business owners. But other than that, it's been a great experience.

Ms. HULIT. Thank you, Kevin. I'd like to follow up on that. We heard a lot of comments about the role that the SBA and the SBDC provides in helping with the business plan to get started and get that first loan. But, truly—and this is for the other business owners and the audience to hear—one of the most important things, I think, that the resource partners do is help businesses once they stumble.

Just about every small business owner I've ever known has stumbled. So having that free business resource so that, you know, you're not paying that expensive CPA, that expensive consultant—you have that free business counselor.

And if anybody would like—I know, Damian, you talked about a stumble in your business career. If you could, talk a little bit about what having that resource available to you and what differences it made to the success of your business.

Mr. COLEMAN. My major stumbles were financial, just not having the revenue to get the business going. It got to the point where I've been—I still contract myself, and trying to do a 40-hour contract and run the business with employees gets pretty hard.

As far as going through the process of doing the business plan, it became a little bit of tension there in the household because it was continuously me spending money from the family's budget to get the business up and going. And that's what was the major fall of me starting up originally. All the money just ran out.

So then I got the contract here in Arkansas and was able to save money up again and then pay the CPA to file all my paperwork with the state and get the business running. Just the out-of-pocket expenses were ridiculous, really, when I look back at it now, knowing that the SBA was out there and had services that would provide those documents for me free of charge. Did I answer your question?

Ms. HULIT. You did. I think it's the energy that gets put in the catch-up when you've gotten behind in your paperwork and financially to try and dig back out from that mess to move yourself forward. And, again, I think my experience in working with some of the finest resource counselors in the country is that they help you make that manageable.

Senator PRYOR. Let me ask you, if I can, Ms. Hulit, about your announcement today. Can you cover that again? And let's kind of put that in practical terms for these folks here and how that will help them and others like them get started.

Ms. HULIT. Sure. The announcement today is that we're waiving the upfront borrower's fee for our loans, 350 and under. And, again, that's for veterans. That is part of the startup cost. There's two reasons for wanting to do it. Obviously, the first reason is we want to do something that will benefit our veterans.

But by making this announcement, hopefully, for the veteran who may not know about SBA loan programs or the SBA at all, they might hear, "Oh, do you know there's this new program, and it's especially for veterans—no fees." Then that will start them to look at the resources.

Clearly, there's a material benefit. You know, every business has startup costs. You have startup costs to buy your inventory, to put your deposit down on your lease, to hire your first employees, to have payroll before you have customers. You don't need to be paying that several thousand dollars in your fee just to originate the loan.

So if we can waive that fee or reduce the fee to zero for this time period and help promote more awareness about our programs and about the lending opportunities, that's really what we're trying to do. And the Express program, as was mentioned earlier, is a very quick turnaround program. Our Express lenders are delegated lenders so that they can do it on their own authority.

So it's a quick turnaround, now with no fees to originate them. And, hopefully, it's going to get more capital into the hands of small businesses, veteran-owned small businesses, and get them more connected to the resources that we provide.

Senator PRYOR. Well, that's one of the things, obviously, about a business. It's important to have training and access to mentors and resources and things. But access to capital is also something that's absolutely critical, and that, obviously, we see as a struggle in the small business population at large, but certainly with the veterans.

You know, one of the things I try to do in the Senate—I haven't been successful yet, but I'm trying to do a small business savings account, like an IRA, so people could take their savings and stick it into an account, and they do that tax free, so they don't get taxed on that, just like an IRA or something. So then when you are ready to start your business, then you can use that tax free to get your business started.

You know, the theory is that it sure does help when you go to the lender and you say, "Look, I've already saved \$10,000, \$20,000, \$30,000." That's a huge jump that a lot of people don't have. So just something that seems pretty small like that could be pretty significant for these folks.

Ms. HULIT. I don't disagree at all. I think that's a very good point. And I also want to thank Senator Pryor for his encouragement of the SBA to think outside the box on what we could do. There's so many things that require statutory language. They require Congress to vote to move issues forward, many of which are included in our 2014 budget, such as the expansion of funding for the Boots to Business program.

But then there are other things that we can do sort of administratively, and Senator Pryor has really encouraged us to take a good hard look at that. Part of the result of lowering our fees on the veteran loans was because of the dialog we had on that.

Senator PRYOR. Thank you. And Senator Landrieu has been a tremendous leader on that. One of the things we want to try to do is to give you statutory authorization to do some of these that you're doing and allow you to shift some resources around to really focus on some of this, and all in the right way.

Ms. Montgomery, I know that you are participating in the VWISE program. Could you just give us kind of a one-minute on that? And, here again, I think a lot of women don't know about that program. So let's talk about that for a second.

Ms. MONTGOMERY. I can put it in one word. It's phenomenal to have 100 female veterans in one room with a single goal of achieving your own business. There is so much energy. Six to eight weeks prior to the three-day conference, we have homework, we start building our business plan before we even get there. We start communicating with each other on the forums, and we have homework. So by the time we get there, we kind of have an idea maybe of what we're going to do.

Three days of—I can't even remember all of the conferences. But then we have a year afterwards where we have access to those mentors within the VWISE program. So they don't walk away at the end of the conference. They're there for us, and it's a great experience. I was talking to Ms. Fitch this morning, and I said, "If you get the chance, you need to do it."

Ms. HULIT. I just want to mention that that program, as well as the Entrepreneurship for Service Disabled Veterans and the Boots to Business program, is coordinated out of our Office of Veterans Business Development in Washington. Our associate administrator wishes he could be here with you today. He himself is a retired Lieutenant Colonel from the U.S. Marine Corps and has a real passion for making sure that these programs are developed and expanded.

Senator PRYOR. And let me also say we've got the National Guard here—Mr. Frisby. We need to think about that. All the veterans know this, but in the world of the military, there's the active component, the active duty folks, and then there's the reserve component, which is Guard and Reserve. Sometimes the Reserve gets left out of that, so we need to be clear that the Guard and Reserve are both extremely important.

I would like to know, Mr. Frisby, some of the unique challenges that you think someone in the reserve component, whether Guard or Reserve, have in trying to start their own business. And, also, one of the things that I do in Washington is I'm Co-chairman of the Senate Reserve Caucus, and we focus on Guard and Reserve issues.

One of the things we're trying to do is get that unemployment rate down with our Guard and Reserve folks and also try to open opportunities, either professional opportunities, starting your own business, credentialing opportunities, and things like that. So we'll work on that. But give us your sense of the unique challenges that the reserve component faces.

Mr. FRISBY. Sure. You know, first off, it has to be education for our soldiers and airmen in the state of Arkansas, just knowing that these programs are available to them and that they have this option. You know, we were talking about how to get the word out,

and I think that some of that has to be that we need to get some literature into the armories that these soldiers are serving in. We have stations in our armories where we have educational materials, we have job opportunities, and we also need to get something from the SBA in there so that they know that these are some services that are offered to them.

Everyone around this table probably knows that, you know, even if the soldier or the airman doesn't know it when they enter the service, they're kind of bred to win. They're kind of bred to succeed. And they certainly realize that potential when they start putting on the uniform to serve.

So I think that you will find you have an incredible amount of resiliency in the service members to come up with incredible ideas that would probably succeed in the civilian workforce. So if we can get that knowledge to them, they can understand that they have the potential to take that idea and actually run with it and develop it into something that would probably change their lives forever. So I think that education is probably the first step.

Traditionally, when people think about issues with the Guard and Reserve, when it comes to employment, they always think, "Well, I'm going to have to give this guy up for one weekend a month, maybe two weeks in the summer." And for the last 10 years, in the state of Arkansas, we've had over 12,000 soldiers and airmen who have deployed for 90 days to 18 months at a time. So, traditionally, we think of that being the challenge.

I think I referenced in my opening comments that a lot of times, these soldiers leave, deploy, and really don't know what's waiting for them when they get back in terms of employment. So, again, when we go through our Transitional Assistance Program for those soldiers who are coming back from a Title 10 deployment, being able to get that word to them to let them know, "I know you've got a great idea. Now, let us help you take that idea and turn it into something better."

I think if we can do that and make that transition better for them, then we'll really make progress in what we're trying to do today.

Senator PRYOR. I always remember a story of when I was on the Armed Services Committee right when I came to the Senate, and we were just getting involved in Iraq. All that was really, really going hot and heavy. We spent hours and hours and hours each week on Iraq and talking about all the issues there, and there were thousands of them, it seems like.

But I remember one of the big—I think it was a three star—came in one time, and he had been in Iraq, and he had actually served when the booting brigade was over there. And, basically, he told us in this meeting, "You know, those guys in the Arkansas Guard are great, because back home, they're plumbers and welders and school teachers and electricians and car mechanics. There's really nothing they can't do."

"So we would get over here, and we needed to up arm our Humvees, you know, because we're getting hit with all this stuff, and they said, 'Hey, man, we can do that. Just give us some torches and some steel plating,' and they got it done." It was just like

anything that was going wrong, they could fix it. They could work on it. They were very creative and innovative.

I do think that is what you get when you get these guys that want to get out and own their own businesses. They're going to get it done. You're going to get out there, and you're going to get it done, and you're going to see to it.

Let me ask one other question, if I may. We talked about how getting information to veterans is critically important. And maybe the VA can do better. Maybe the Arkansas Guard can do better. Maybe, you know, whoever can do better. The military itself, as people are processing out—maybe there's more information that can be made available.

But, you know, the folks that are in the finance business, too—I'm wondering what your outreach is like. And I know you've got a lot of other balls in the air, but how do you try to reach out, and how do you try to get the word to veterans and try to get them involved in what you have? Obviously, you're helping a lot of them.

Ms. MEADOR. I will tell you the biggest struggle we have is very common to SBA, that we're a nonprofit, so we don't have the marketing tools that a lot of banks have. Also, with Arkansas Capital Corporation, one of our main concerns is that we need to make sure we don't look like we're competing or taking business away from banks. We're really targeting loans that maybe banks aren't willing to do on their own, based on it being a startup or it being a riskier loan, or maybe due to collateral, things like that.

So we're very limited on how we can get the word out ourselves because of the kind of company that we are. However, one thing I wanted to note that you made in your comments, Senator Pryor, is one of the initiatives that you're trying to set aside a savings plan for the veterans.

That's great, because one of the biggest struggles, as a commercial lender, that we have is that you may have a great idea, or you may have a great business, and if you started that business with not a lot of capital, it makes it very difficult for it to succeed, because capital is king. Everybody has said that.

But, more importantly, if you're going to start up a business, I always say the motto, "You've got to have money to borrow money." Many small business owners don't realize that I cannot provide 100 percent financing for a startup business, which is hard, especially if you've dedicated your whole life to this country, and you don't have a lot of backup, or you didn't know that, "Hey, I should have saved some money," because you didn't realize when you get out of the military that you're going to start a business, because a lot of them don't know the path that they're going to take.

So being able to have that resource will open so many doors for a lot of veterans that I run into that have a great idea or I want to help, but they don't have the capital to get started. And I will also say that waiving the fees is huge, because, like you said, a lot of the loans that we're doing for veterans are \$350,000 or less.

It's hard for them—you know, we don't think it's a lot to say it's \$5,000 or \$6,000. But that's \$5,000 or \$6,000 that they can have for working capital that can help their first six months to a year in operation. It can make a big difference. So having those two

things is really going to set a huge pathway for a lot of veterans to be able to be more successful and to really be able to grow faster.

As we have heard from our customer, the biggest struggle was being able to grow. They might be able to open the doors, but then what happens after that stage? How can we help them grow? And having access to capital and limiting fees—some of the things that you have done will really make a big difference.

Ms. HULIT. I wanted to add that on the marketing side—because we do have a challenge with that—one of the advantages of the SBA program is that we guarantee loans, but the banks are the ones that provide the loans, and the banks do have marketing budgets. So, as the Senator mentioned, I flew in from California yesterday, where I attended a conference, the National Association of Government Guaranteed Lenders, which is the trade association of banks that do SBA loans.

There was the highest attendance ever. There were over 1,000 banks there, and we talked about this initiative, and we talked about lending to our veterans and getting them to increase their lending, knowing about the fee waivers, et cetera. So it's deploying that private sector network to get out and market to the community.

But I also wanted to mention I know that the folks here, how their own small businesses—but another way that veterans enter entrepreneurship is largely through franchises. And we signed a strategic alliance memorandum the day before yesterday with the International Franchise Association, because their member franchises have special programs, like UPS. We did the announcement at a UPS store with a vet who had his \$30,000 franchise fee waived by UPS because he's a veteran to start that UPS shop.

So through the IFA, they have several franchisors that have special initiatives to help veterans start their franchise. So they'll be marketing the SBA through their materials, and we'll be marketing the IFA's veterans initiatives through ours. So we're trying to do those strategic alliances with the key industries that do a lot with the SBA, and franchise is one of them. There's more veterans in franchising than the average population.

Senator PRYOR. That's great. Let me ask our business owners here for that one bit of advice, one of the things you've learned. If you all could have a room full of people who were in your shoes a year or two ago, what would you tell them right now about how to get started and how the process should work?

Mr. WALLACE. The first thing—and I agree—cash is king. You have to have it. If you don't have it, the banks—and I don't blame them—they're not going to talk to you. I laughed about it, but, really, the civilians do not post rule guards at the roads, so you've got to look both ways when you cross that doggone road. You've got to know what you're doing.

Equally important with getting the loan—which, again, the cash—is understanding what you're going to do, understanding the business that you're going into. I think a lot of businesses fail. Karen and I, at one time, had the worst restaurant that ever existed in Arkansas. I thought it was a good idea. You know, we have two cups. That's all that's left of \$100,000 that we put in that restaurant. So I keep those two cups.



But if a veteran can go out and get on-the-job training with someone, if you can get into industry and learn it for six months, learn it for nine months—classes are great. They really are. But what you get taught in a class is not always what happens in the real world. And I would go into every class that SBA—and I have, just about—that the Small Business Technology Center offers. Those are great.

Mr. KIDD. I'd be happy to add—since David brought up a lot of key points that I would like to share as well—I think I may have had the second worst restaurant the first three months. And a lot of that was simply because of what you just said. I didn't have the proper training, you know, for starting a restaurant. I had a great idea. It still is a great idea. But I didn't have that experience. I had to learn for myself.

In the long run, probably, that's a good thing. But not everybody can afford to go through that. I mean, I was fortunate that I did have some money to start out, and that helped me get through it. Again, you know, getting the grants was a huge part, getting the refinance, things like that.

But I think—and a lot of people know this—most businesses don't succeed because of a bad idea. It's not a bad idea. It's simply that the money runs out. And anything you can do to prolong that, to get more training, experience, knowing more going into it, and knowing more about these programs—I mean, I had no idea about it.

But one of the things that—again, I know this was brought up a lot, you know, talking about veterans and their tenacity and their willingness to do whatever it takes. Some of that is, you know, they go out and find those things. There's a way. There's things that happen for reasons. And people who are willing to do that will figure those things out. But, again, the more you can learn up front going in, the better off you're going to be.

Mr. COLEMAN. What I would say is that it won't be easy. I mean, there will be a lot of struggles along the way. But just really, really, don't give up. If it's something your heart is set on, just follow it and keep on going.

I've had knock-downs, and I've submitted plenty of proposals for contracts that I didn't get. I spent a few weeks just preparing it to hear, "I'm sorry," you know. But I just kept going and kept going, and everything seems to have turned around now. But if I had stopped back then because of that, then I wouldn't be here today.

Senator PRYOR. Ms. Montgomery.

Ms. MONTGOMERY. I agree with the gentlemen. But, also, there is a term that has come out called solo entrepreneur. Understand that your business does not happen in a vacuum. You've got these people who are there rooting for you, and they're a part of the team to help you accomplish that mission. Sometimes you may have to search for the right person, but they're there to root you on. So solo entrepreneur is an oxymoron. It's a team job.

Ms. MEADOR. I would also like to state that one advantage about SBA and being an SBA lender is that we are able to provide more capital than most conventional loans due to collateral limitations. We also have the ability to amortize it out longer than traditional

bank loans. So that gives a chance for the small business to basically—what I say—breathe or have those learning curves without shutting the doors. That's just vital for any small business.

And, also, we have a lot more flexibility during the first couple of years. If you need to be on interest-only for a little while, that is also a great SBA benefit, giving us, as a commercial lender, that extra avenue, because a lot of commercial loans don't have that option. They'll either say, "Look, I can advance you \$75,000," when you really needed \$100,000.

And a lot of veterans say, "Hey, I just want to get started," and they don't think about what's going to happen when they get close to the finish line and they only have \$75,000 when they needed \$100,000. It can mean all the difference in being able to keep the doors open or having to shut the doors.

Like the gentlemen have said, they don't stop. They keep going, but it's a struggle. And the great thing about SBA and being able to put an SBA loan together is that even though it's a struggle, the SBA loan really does help them keep the doors open and get past that struggle so they can build on and keep growing.

Ms. HULIT. I've heard a lot of the strengths that come with being a veteran and some of the unique skills that you have as successful entrepreneurs. Are there any particular challenges of being a veteran-owned small business?

Clearly, the scheduling of the Guard and Reserve is a particular challenge for an entrepreneur. But are there any other challenges that come with being a veteran-owned small business that's different from civilian, from your perspective?

Mr. KIDD. Well, just to add to that, I don't think there's any challenges to that part. I think there's more benefits to being a veteran. There's a lot more help to veterans than, say, the average person that doesn't have that background. The challenges that veterans are going to face are the same that every other business owner is going to face, because they're just going to be there. That's just part of the deal. But, again, I only see benefits from being a veteran. I really do.

Senator PRYOR. I know, Ms. Nelson, you mentioned something that you have—I think it's Boots to Business—at Little Rock Air Force Base. Tell us about that and how that's going. Of course, Little Rock Air Force Base—and, again, most people in the military know this. There's a huge active duty component, but there's also a big Guard presence there.

Ms. NELSON. Well, this is a part of the national initiative that was rolled out first as a pilot program and then expanded to bases and various installations all over the country. We started ours about May, I think. The challenge for us has been marketing it.

We have actually been a part of the transition program out there for years. Sometimes our SCORE volunteers do it, and sometimes we would participate as well. So we've been out there. But this is a more focused and in-depth entrepreneur training that was developed in conjunction with the Department of Defense.

So we're seeing now more participation, so we've just got to do a little bit better job. And we want to reach out to the Guard and Reserve and other places as well as we can with a staff of 10. But I've got six veterans, so I can do it.

Senator PRYOR. But are you seeing numbers increase out there? Are you seeing more and more people participate?

Ms. NELSON. We are. This last time we had, I think, 15, and it's two days that we participate. So it's a little bit challenging staffing wise, but if we can reach them, it's worth it.

Senator PRYOR. So we've gone through this discussion, and I know that some of this may have prompted other ideas or suggestions or stories on your part. Does anybody want to add something? We're going to break up here in just a little bit. But does anybody want to add something or tell us something that we've missed or that we're not quite getting right?

Ms. MEADOR. I think the only thing I want to add or make sure people realize with veterans is that they have a great no-stop personality, and you really can't separate that from small business owners, because, as a lender, I always say we're the most pessimistic people out there. We always think about what's the worst that is going to happen, that the world is going to collapse, and we are clearly pointing out the negatives when we are meeting with people.

But veterans want to learn. They're open minded. And it's really great that we have products out there that are willing to assist them and get them into being successful entrepreneurs, because, as we noted in all of the conversations today, their personality alone can really make a huge difference in the economic growth not only of Arkansas but the whole country.

I'm excited that you've been able to provide this opportunity for us to learn all about each other. I've learned a lot, not just from doing lending, but just from sitting here and seeing what kind of initiatives we have. It's always great to hear that Arkansas has something special, but it's always great when the country comes together in making sure that we can do something together as a team, because it's a team effort. We all have to come together in order to be successful.

Senator PRYOR. That's right. Let me also ask, if I may—I know that Ms. Roderick has mentioned before to me and other contacts, and I've heard a couple of other people say it as well today, about having a good mentor. Is that your experience, too, in terms of lending, if there's a mentor in the picture, someone who's been through it before? Tell us how important that is.

Ms. MEADOR. Absolutely. That's a great point. What I tell a lot of small business owners is—and a lot of people don't realize this—if you're wanting to start a business, sometimes it not just about being a good cook.

Sometimes people want to start a restaurant and say, "I'm a great cook." That's actually a very small part of being a small business owner. You actually have to learn how to hire and fire employees, do things that you don't want to do, such as know what financial statements mean. And not everybody can do those things.

So if you're not good at numbers, or if you're not good at being able to hire and fire, or those kinds of things, you've got to have good people beside you. So I make sure when I'm visiting with a small business owner to find out where the weaknesses are. If they don't understand financial statements, they'd better get an ac-

countant with them that can help them so they can make sure they prepare their tax returns properly.

We also work, obviously, very well with the Small Business Technology Development Centers, because some of them don't know how to market. Marketing is a big problem, and they don't have the budget to do that. So having the resource of the SBTDC to provide that at no charge is great.

So, again, to kind of reiterate the team effort, when you're a small business owner, you cannot do this by yourself. We all have weaknesses. We all know what we're good at. And if you're not good at some part of your business, you'd better find a mentor, or you'd better find somebody that can help guide you and provide you with the proper steps so that those weaknesses don't end up becoming a huge issue for your small business.

Ms. HULIT. I don't have any other questions. I do want to just say thank you to all the small businesses that came today and took the time from your businesses to be here. Clearly, you are an inspiration. You know, when you're providing a service like the SBA, you know you're doing good. But it really helps when you hear it. It really does—to hear that there's a tangible result from the good work that our staff does.

So I just really want to thank everybody for coming. I'm inspired by your stories, and I've taken some notes here on some ideas on how we can do a better job of making sure that the folks in your communities and the veteran community and the small business community know what we can do.

But I also want to thank the Senator for his leadership on the Small Business Committee. It's a tremendous effort that you make in making sure that the small business and the veteran communities' concerns are heard and addressed, and that the federal government is paying attention. So, thank you, Senator.

Senator PRYOR. Thank you. Thank you again for being here.

I do have one more question before we close. Let me just tell you a little bit about my experience. I mentioned earlier that I hire veterans. I have a couple of them here in the room with me right now. But one thing I've noticed is that when you hire a veteran, they want to hire other veterans.

And I think the reason for that is that they—even though, let's say, one guy is in the Army Guard and someone else is in the Air Force, they still have this frame of reference with that person. They know about their training, and they know the various things they've gone through to get to where they were in the military, et cetera. It really ends up being a great network.

I'm curious about you guys that have your businesses. Are you more likely to hire veterans? Of course, it's great with me if you do, because one of the things we're looking at is the unemployment rate in veterans. But I am curious if that really translates into the private sector like I've seen in my office. So who wants to go first?

Mr. WALLACE. Particularly in the corporate world, I make it a point to hire every veteran I can find. One of the main reasons is you can tell a veteran to meet me in the swamp at zero-100 hours in the morning or on a Saturday night, and he's going to be there. And they understand that.

Typically, the veterans that would come in—if they did not have industry experience, they would be green, but they're a quick study and they learn. I'm just a big believer, and every veteran I can find I bring on board. Most of my supervisors on disasters are veterans, and it doesn't make any difference if it's Marines, Navy, Air Force. It's all the same quality.

Senator PRYOR. I actually met with a business owner earlier today, and he said he hires veterans. He's kind of surrounded—his management team is all vets.

Anybody else want to talk about hiring vets?

Mr. KIDD. Well, again, I agree with David. You know, unfortunately, in my business, I don't have a lot of veterans that want to be cashiers, line cooks, and so forth. However, the idea that Ms. Hulit said earlier about the franchise is very appealing as I look to grow in the future and to be able to promote something like that to veterans who are looking specifically for some type of venture like that.

Senator PRYOR. Does anybody else have anything to add? Well, listen, I want to say this. I want to say thank you to all our panelists and thank you all for being here. You're focusing on a very important segment of the U.S. economy and a very important part of Arkansas' economy, and that is taking this amazing training and dedication, like you mentioned a minute ago, and their commitment to get it done, just that can-do attitude, and getting it out there in the private sector and really doing amazing things. That's been my experience in hiring veterans.

But, anyway, I want to thank all of our panelists for being here, but especially Administrator Hulit for being here, because she probably came the longest distance today to be here. But we really do appreciate her, and we appreciate SBA. You know, this is one of those agencies that really does a lot of good out there.

There's a long, long list of extremely successful companies—some of them are Fortune 500 companies—that have come through the SBA. Somehow, some way, they got a start, got some help early on, and really got over a significant hump.

So we really appreciate what SBA does, and we know that keying in on the veterans' needs and that segment of the population is really going to pay big dividends for everybody. So, again, thank you for being here.

Also, I want to announce that this is an official hearing of the Senate. And we're going to keep the record open for two weeks to allow my colleagues, if they want to, to submit questions for the record. So it's very possible that one or two of you guys will get questions from some Senator you've never heard of.

But they may have a question, or they may want to know more, and we have a little bit of the staff from D.C. down here to watch, and they'll kind of get the word to other offices about how the hearing went, et cetera. If we do get those questions, we'd like a pretty quick turnaround on your responses. So what we'll do is keep the record open for two weeks to try to encourage any Senators who want to ask additional questions to do that.

But with that, I want to say, again, thank you. Thank you for the audience. Thanks to everybody for being here. I just want to

say what SBA does is great. What SBA in Arkansas does is great, and all the partners here.

I really want to give a special thanks to UALR for allowing us to be here today—great facilities. This is an institution that does so many great things, not just here in Little Rock, but all around the state and really all around the country and world, for that matter. But, anyway, we thank you all for being here.

And with that, we'll adjourn, and we'll leave the record open for two weeks.

Thank you.

[Whereupon, at 11:40 a.m., the hearing was adjourned.]

## **APPENDIX MATERIAL SUBMITTED**



November 5, 2013

Lena Postanowicz  
Committee on Small Business & Entrepreneurship  
United States Senate  
Washington, DC 20510-6350

Dear Ms. Postanowicz:

I am Damian M. Coleman, President and Owner of Marquette GIS, Inc. I served in the US Army as a Topographic Analyst from April 1997 until I was medically discharged in January of 2002. I was able to use my military training to obtain a job as a GIS Analyst after being discharged. I worked a couple of years for a firm that performed contract work for the Department of Defense. I decided to pursue work as an independent contractor which led to me start a consulting firm. Marquette GIS, Inc. is a full service geo-spatial consulting and staffing firm that provides assistance for all stages and levels of GIS projects. The company has also been sought out to perform IT recruiting for multiple agencies within state governments.

My experiences with the SBA and the Small Business Technology Development Center (SBTDC) were great. With the help of these two agencies I was able to get assistance with the development of a business plan and secure a loan to help expand my business. The SBA loans have been used to purchase a building the will support future growth and provide capital to temporarily assist with payroll as the company grows. The SBTDC representative, Nancy Knighten, went well beyond what I think her position should require. To help me meet a deadline, she communicated with me during the evening hours and over the weekend to ensure that I had my business plan ready for Monday morning. I wish that I had known about the SBA and their services earlier in my business setup process.

I look forward to participating in the field hearing on Friday, November 8, 2013. If you have any questions, please contact me directly at (501) 291-4471.

Sincerely,

Damian M. Coleman, GISP  
President & Owner